



El Paso, Texas

Empowerment Zone

Small Business Loan Program

0% - 3% - 5% FIXED RATE LOANS

About Us In 1999, the El Paso Empowerment Zone (EZ) was federally recognized as a distressed area in need of sustainable community development. This City program's goal is to create an environment conducive to strong, sustainable economic development. It is designed to *increase business opportunities* for businesses to establish or expand within the Zone and contributing areas; and, to *increase job opportunities* for individuals living in the Zone.

On January 27, 2015, City Council expanded the loan program's eligibility areas and loan products to allow for businesses located along portions of Alameda, Dyer, Mesa, Montana and Zaragoza to apply. We are now offering loans for building improvements to the facade and for ADA compliance at 0%!

Application Submission

- Application submittal is on-going -- pending RLF fund availability. Applications will be reviewed as received.
- Each application will be considered upon its merits without regard to age (provided the applicant is of age prescribed by law), race, creed, marital status, national origin, or sex.
- There is no application fee nor loan origination fee.

Application Forms

- Preliminary Application:
 - (1) Loan Application,
 - (2) Personal Financial Statement,
 - (3) Personal Tax Return – most current, and
 - (4) Business Tax Return – most current.
- With preliminary recommendation, the following documents may be requested (dependent on loan amount and purpose): Personal Income Tax Returns (last 3 years), Business Income Tax Returns (last 3 years), Financial Statements, and Business Plan.

Eligibility

Business MUST be located in...

- The El Paso Empowerment Zone (Verify if an address is in the EZ by visiting web address locator at <http://www.elpasotexas.gov/community-and-human-development/empowerment-zone/hud-address-locator> or,

- City Council approved street portions/areas: Alameda, Dyer, Mesa, Montana, Zaragoza, Five Points, Glory Road, Medical Center of the Americas, Mission Valley, and Northgate.

Loan Programs

- **Small Business Loans:** \$10,000 - \$500,000, 3% APR, maximum 10 year term.

If loan is paid in accordance with amortization schedule, borrower receives 20% principal rebate [cap: \$20,000] at time of loan pay-off.

One full-time employee position is required to be retained or created for each \$35,000 in loan amount requested.

- **Small Business Loans for Façade/ADA Compliance:** up to \$35,000, 0% APR, maximum 10 year term.
- **Micro-Business Loans – sole proprietors only:** \$500 - \$10,000, 5% APR*, maximum 3 year term.

** 3% APR for minority-, women-, and/or veteran-owned businesses*

Minimum 3 years in operation

Required loan payments via automatic bank account withdrawal

- **Micro-Business Loans for Façade/ADA Compliance – sole proprietors only:** \$500 - \$10,000, 0% APR, maximum 3 year term.

Minimum 3 years in operation

Required loan payments via automatic bank account withdrawal

Term

The loan term is dependent on loan amount, loan purpose, and collateral. The period of repayment needs to match the useful life of the asset being financed.

Applicant's Contribution

At a minimum, loan applicants must provide a 10% contribution to the project.

Collateral

- RLF loans will be secured with various types of collateral.
- The value of the collateral must be commensurate with the amount of the loan, with future value being taken into consideration.
- The City may seek a first or second lien position for the collateral, depending on how the entire project is structured.
- All borrowers with 20% or more ownership in the business must personally guarantee the loan.
- Real property pledged as collateral will require borrower paying applicable closing costs and property insurance naming City as additional insured.

Approval Process

- Recommendation provided by Community Development City Staff.
- City Manager authorized to sign loans under \$50,000.
- City Council authorizes loans \$50,000 and over.

Turnaround Time

Average 30 to 90 days for decision (*dependent on loan amount request and loan purpose*).

Eligible Projects

- Business start-up activities
- Working capital, Equipment, Fixtures, Furnishings, Inventory
- Gap Financing, Building Acquisition, Leasehold Improvements
- The City will limit one active business loan per business across City loan programs

- Business can't be engaged in illegal activities, loan packaging, speculation, multi-sales distribution, gambling, investment or lending
- **No refinancing**

Construction Projects

Applications for rehabilitation or new construction must be accompanied by a signed estimate and be designed by an architect or engineer.

Other Requirements

- For loans over \$5,000: General Liability Insurance with City of El Paso named as additional insured.
- All loans: Applicants must comply with Ordinance 9779 (Non-Discrimination Against Persons with Disabilities).
- All loans: No outstanding tax liens
- All loans: Judgments, bankruptcies & foreclosures must be settled for over 3 years.
- All loans: Minimum cash flow coverage to support loan payments.
- All loans: Projects are subject to Environmental Review Clearance. Building acquisition and/or significant renovation will require a Phase I: Environmental Site Assessment.
- Loans involving real property: Closing costs are to be paid by the borrower.
- Fees related to independent appraisals and independent environmental site assessments are to be paid by the applicant. Submission of the completed documents does not guarantee loan approval.

Payments

Payable to City of El Paso



Contact for Additional Information

Isela Robison, Empowerment Zone Coordinator
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